

DRAFT

**VIRGINIA COLLEGE BUILDING AUTHORITY
BOARD OF COMMISSIONERS MEETING**

October 14, 2016, 10:30 a.m.

Treasury Board Conference Room

James Monroe Building

101 North 14th Street, 5th Floor

Richmond, Virginia

Members Present: Lane B. Ramsey, Chairman
Dennis C. LaGanza
McLain T. O’Ferrall, Jr.
Manju S. Ganeriwala
Charles Evans Poston, Jr.
David A. Von Moll
Charles Mann
Katharine M. Bond

Members Absent: John G. Dane, Vice-Chairman
Peter A. Blake
Daniel S. Timberlake

Others Present:	Liz Myers	Attorney General’s Office
	George Scruggs, Jr.	Kutak Rock LLP
	Russell Carmichael	State Council of Higher Education
	Janet A. Aylor	Department of the Treasury
	Leslie M. English	Department of the Treasury
	David T.S. Jonas	Department of the Treasury
	James D. Mahone	Department of the Treasury
	Janet Lee	Public Resources Advisory Group
	William Watt	Department of the Treasury

Call to Order

Mr. Ramsey called the meeting to order at 10:38 a.m. Mr. Ramsey then introduced the newest member of the Board, Charles Evans Poston, Jr. of Norfolk, where he is the Commissioner of Revenue.

After welcoming visitors, Mr. Ramsey asked if there were any members of the public present that wished to express comments to the Board. There were no public comments.

Mr. Ramsey asked if there were any comments or questions about the minutes of the April 14, 2016 Virginia College Building Authority meeting. Hearing none, he requested a motion for approval of the minutes. Ms. Bond made the motion; Mr. Ganeriwala seconded the motion, and the motion was unanimously adopted by all members present and voting.

DRAFT

Mr. Ramsey then moved to elect a new Assistant Secretary to the Virginia College Building Authority. Ms. Bond made the motion to nominate Leslie M. English of the Department of Treasury to be Assistant Secretary to the Authority. Mr. Mann seconded the motion, and the nomination was unanimously adopted by all members present and voting.

Consideration of Extension of VCBA Standby Bond Purchase Agreements (21st Century College and Equipment Programs), Series 2006BC

Ms. Aylor introduced Ms. Lee of Public Resources Advisory Group (PRAG), who presented an update on variable rates and detailed the Standby Bond Purchase Agreements (SBPAs). Ms. Lee noted how well the variable rate bonds have performed even relative to historically low interest rate environment since the financial crisis of 2008. Ms. Lee outlined new regulations on money market funds and developments in the tax-exempt municipal bond market that led PRAG to recommend that the Board consider a refunding of the variable rate bonds.

Ms. Lee outlined the options before the board: either keep the bonds in a variable rate or convert them to fixed rate. Wells Fargo had offered to extend the SBPAs for another three years, with different carrying costs depending on whether the VCBA accepted updated terms of the agreements or simply kept the current ones in place. The choice presented before the board with the first two resolutions was whether to give the Treasurer the ability to make a decision in consultation with financial advisors on which agreement the VCBA should make.

Mr. Mann raised the question of whether the Authority should consider revisiting its long-term agreements with Wells Fargo Bank given the recent news of unauthorized accounts being created at Wells Fargo without customer approval. Ms. Ganeriwala responded that most of the unauthorized bank accounts Wells Fargo created were largely outside of Virginia, and that Wells Fargo has refunded all Virginia account holders that were charged excess fees. Ms. Ganeriwala pointed out that the Commonwealth (including state and local funds) has roughly \$1.9 billion in Wells Fargo accounts and often buys bonds issued by the Commonwealth, and that Wells Fargo has been a good partner to the Commonwealth.

The first resolution considered by the Board was to retroactively extend the SBPAs (actions Treasury staff took to prevent the agreement from expiring on September 14th, 2016) to November 14, 2016. This resolution simply ratified actions taken by staff in between Board meetings so that the Board could consider whether or not to maintain the agreements.

Mr. Ramsey then called for a motion to adopt the first resolution retroactively extending the agreements. Ms. Bond made the motion, and Mr. Mann seconded the motion. The motion was then unanimously adopted by all members present and voting.

The second resolution considered by the Board was to grant an additional two months (from November 14, 2016 to January 14, 2017) for the VCBA to consider further extending the agreements. Mr. Ramsey then called for a motion to adopt this second resolution. Ms. Bond made the motion, and Mr. Mann seconded the motion. The motion was then unanimously adopted by all members present and voting.

Ms. Bond departed the meeting at 11:45a.m.

DRAFT

Consideration of Issuance of VCBA Educational Facilities Refunding Variable Rate Bonds (21st Century College and Equipment Programs), Series 2016D; analysis by PRAG concerning variable rates

The third resolution before the Board would give the Treasurer the ability to convert the Series 2006BC 21st Century variable rate bonds to a fixed rate through Wells Fargo, or to do a private placement, competitive bid, or negotiated sale of the bonds. The resolution further stipulated whatever method Treasury decided upon, the aggregate principal amount of the Bonds could not exceed \$80 million and the true interest cost could not exceed 2.25%.

After initially making a motion to reduce that maximum interest rate from 2.25% to 2%, Mr. Mann withdrew his motion. Mr. Ramsey then called for a motion to adopt this third resolution. Mr. Mann made the motion, and Mr. Poston seconded the motion. The motion was then unanimously adopted by all members present and voting.

Final Financing Summaries for VCBA Issuances Approved during April 14, 2016 Meeting

Mr. Jonas then reviewed the final financing summary for the Virginia College Building Authority Educational Facilities Revenue and Revenue Refunding Bonds (21st Century College and Equipment Programs), Series 2016ABC, which was issued with a par amount of \$449,765,000. Mr. Jonas noted that the refunding resulted in \$7.3 million in present value savings.

Mr. Jonas then reviewed the final financing summary for the Virginia College Building Authority Educational Facilities Revenue Refunding Bonds (Public Higher Educational Financing Program), Series 2016A, which was issued with a par amount of \$231,880,000. Mr. Jonas noted that the refunding resulted in \$43 million in present value savings.

Other Business and Adjournment

Mr. Ramsey then asked if there were any additional comments or questions from Board members. Hearing none, Mr. Ramsey requested a motion from Board members for dismissal. Mr. LaGanza made a motion for dismissal of the meeting. Mr. Mann seconded the motion, and the motion was unanimously adopted.

Having no other business to be brought before the Board, the meeting was adjourned at 11:57 a.m.

Adjournment

Respectfully submitted,
Janet A. Aylor
Secretary

/s/ Janet A. Aylor

Exhibits may be obtained by contacting the Department of the Treasury at (804) 225-2142.